

**STATE OF ILLINOIS**  
**ILLINOIS COMMERCE COMMISSION**

COMMONWEALTH EDISON COMPANY	:	
	:	No. 14-0316
Petition to Make Housekeeping Revisions and	:	
a Compliance Change to filed Rate Formula	:	
	:	

Rebuttal Testimony of  
**CHRISTINE M. BRINKMAN, CPA**

Director,  
Rates & Revenue Policy  
Commonwealth Edison Company

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1   **I.     INTRODUCTION**

2       **A.     Witness Identification**

3   **Q.     What is your name and prior participation in this Docket?**

4   **A.**     Christine M. Brinkman. I am the Director, Rates and Revenue Policy of Commonwealth  
5             Edison Company (“ComEd”). I previously submitted pre-filed direct testimony in this  
6             Docket. My background, professional qualifications, duties, and responsibilities are  
7             unchanged.

8       **B.     Purposes of Rebuttal Testimony**

9   **Q.     What issues do you address in your rebuttal testimony?**

10   **A.**     I respond to the proposals and arguments made by Illinois Commerce Commission (the  
11             “Commission” or “ICC”) Staff (“Staff”) witness Theresa Ebrey in her direct testimony.  
12             In brief, Ms. Ebrey claims that:

- 13             (1)     only the portion of ComEd’s Commission-approved rate formula that is set forth  
14                     in ComEd’s Rate DSPP, *i.e.*, the two summary (roll up) Schedules, “Sch FR A-1”  
15                     and “Sch FR A-1 REC”, constitutes the formula rate structure for purposes of  
16                     Section 16-108.5(c) and (d) of the Public Utilities Act (the “Act”) as added to the  
17                     Act by the Energy Infrastructure and Modernization Act (“EIMA”);  
18             (2)     therefore, while EIMA expressly provides that the formula rate structure, once  
19                     established in the initial formula rate case, cannot be changed in the annual  
20                     proceedings to update the data inputs to the formula rate (a formula rate update or  
21                     “FRU”) and can only be changed in a separate “Article IX” proceeding, that  
22                     express restriction purportedly applies only to Sch FR A-1 and Sch A-1 REC, and

the remainder of the rate formula Schedules and Appendices can be changed in a FRU as well as in a Section 9-201 docket<sup>1</sup>; and

- (3) Staff's pending proposal in ComEd's 2014 FRU, ICC Docket No. 14-0312, to apply the depreciation rates in ComEd's January 2014 depreciation study to 2013 plant in service may be approved in the 2014 FRU and therefore need not be addressed on its merits in the instant Docket.

**C. Summary of Conclusions**

**Q. In brief, what are the conclusions of your rebuttal testimony?**

**A.** In summary, I conclude as follows:

- (1) All of the Schedules and Appendices of ComEd's Commission-approved rate formula, not just Sch FR A-1 and Sch FR A-1 REC, constitute the formula rate structure for purposes of Sections 16-108.5(c) and (d) of the Act and EIMA. For numerous reasons, that conclusion is the only conclusion that is consistent with the statute, including the nature and objectives of the formula rate, past orders of the Commission, and a review of the contents of Rate DSPP and the Schedules and Appendices. Also, as discussed below, Ms. Ebrey's Direct testimony itself quotes from past Commission orders that do not support her position.
- (2) ComEd's rate formula Schedules and Appendices can be changed by the Commission, but this can be done only in a Section 9-201 proceeding, not in an FRU proceeding, as provided in the Act.

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<sup>1</sup> Ms. Ebrey also testifies regarding her understanding of formula rate protocols. (Staff Ex. 1.0 6:131-139) ComEd will address this issue in briefs as needed.

(3) Staff's pending proposal in ComEd's 2014 FRU, to apply the depreciation rates in ComEd's January 2014 depreciation study to 2013 plant and 2014 plant additions for purposes of calculating depreciation for the Initial Rate Year, attempts to change the rate formula, and therefore cannot be approved in the 2014 FRU, and instead must be addressed in the instant Docket.

(4) Staff's depreciation proposal lacks merit, essentially because it is unnecessary, and it should not be adopted.

**II. COMED'S COMMISSION-APPROVED FORMULA RATE STRUCTURE**  
**CONSISTS OF ALL OF ITS SCHEDULES AND APPENDICES, NOT JUST**  
**SUMMARY SCHEDULES SCH FR A-1 AND SCH FR A-1 REC**

**Q. What is the significance of the issue of what constitutes the structure of the formula rate?**

A. I address this subject in my Direct testimony. In brief, this issue is significant for three reasons. First, EIMA and the very purposes of a formula rate call for certainty, standardization, and transparency with respect to the formula itself. Thus, a conclusion on the issue of what constitutes the structure of the formula rate that creates uncertainty, or that works against standardization and transparency, is contrary to EIMA and the very purpose of a formula rate. Such is the case with Staff witness Ms. Ebrey's position, as I discuss below. Second, it is clear and apparently undisputed that the formula rate structure, once established by the Commission in ComEd's original formula rate case (ICC Docket No. 11-0721), cannot be changed in the annual proceedings to update the data inputs to the rate formula (the FRUs), and can be changed only in a Section 9-201

65 proceeding.<sup>2</sup> I understand Ms. Ebrey to agree with this second point, although she  
66 disagrees about what makes up the formula rate structure. Finally, if the Commission  
67 were to conclude that only Sch FR A-1 and Sch A-1 REC constitute the formula rate  
68 structure, the certainty, standardization, and transparency that the formula rate process is  
69 designed to establish may be lost. The annual FRU proceeding could devolve into a  
70 series of complicated rate formula changes, contrary to the letter and spirit of EIMA. The  
71 formula could potentially be one thing when rates are set and another thing in the year in  
72 which those rates are later reconciled. Clearly, no one intended for EIMA to be  
73 interpreted or applied in this manner.

74 **Q. Does Staff witness Ms. Ebrey propose a definition of the formula rate structure?**

75 **A.** Yes. My understanding of Ms. Ebrey's testimony is that she defines the formula rate  
76 structure as "the Commission approved tariff set forth in ComEd's tariffs as Rate DSPP,  
77 Tariff Sheet Nos. 417-437." (Staff Ex. 1.0, 3:50-52). Rate DSPP, Tariff Sheet Nos. 417-  
78 437, intentionally only set forth and quote in full Sch FR A-1 and Sch A-1 REC, although  
79 the other relevant Schedules and Appendices are listed and incorporated by reference in  
80 the tariff and in Sch FR A-1 and Sch A-1 REC. But by defining the formula rate  
81 structure solely as Rate DSPP Tariff Sheet Nos. 417-437 and more specifically Sch FR  
82 A-1 and Sch FR A-1 REC, Ms. Ebrey limits the formula rate structure to those two  
83 schedules and excludes the equally important and related additional Schedules and

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<sup>2</sup> I am setting aside the scenario of a change in law that requires revising the rate formula, such as occurred in ICC Docket No. 13-0386 after the enactment of Public Act 98-0015, as referenced in my Direct testimony. (ComEd Ex. 1.0, 10:188-192)

84 Appendices referenced and incorporated in the tariff and in those two Schedules. (Staff  
85 Ex. 1.0, 3:63-66)

86 Q. **Do you agree with Ms. Ebrey's proposal?**

87 A. No. As I discussed in my Direct testimony and further below, Rate DSPP defines the  
88 formula rate structure as not only Sch FR A-1 and Sch FR A-1 REC, "the Executive  
89 Summary", but also the additional Schedules and Appendices that are listed and  
90 incorporated in Rate DSPP and in Sch FR A-1 and Sch FR A-1 REC. These latter  
91 Schedules and Appendices develop and provide the data that is rolled up into these  
92 summary schedules. Ms. Ebrey's proposed definition of ComEd's formula is akin to  
93 removing the internal walls and support beams of a home but leaving the outside façade  
94 standing. Just as the inside walls and support beams are essential to the structural  
95 integrity of the home, it is essential to consider all of ComEd's Schedules and  
96 Appendices in its formula rate definition in order to provide the completeness, certainty,  
97 standardization, and transparency called for by EIMA.

98 Q. **Ms. Ebrey asserts that in ComEd's first formula rate case, ICC Docket No. 11-0721,**  
99 **the Commission "effectively" decided that the formula rate structure are limited to**  
100 **Sch FR A-1 and Sch FR A-1 REC. (Staff Ex. 1.0, 3:63-66) Is Ms. Ebrey's assertion**  
101 **correct?**

102 A. No, Ms. Ebrey's assertion is incorrect for several reasons. First, the Commission's Order  
103 in ICC Docket No. 11-0721 contains no such finding or ruling, and Ms. Ebrey points to  
104 no language in that Order that supports her assertion. Second, as I discussed in my Direct  
105 testimony, the decision about which of the rate formula Schedules and Appendices to

106 include in Rate DSPP was based on a proposal by an Illinois Industrial Energy  
107 Consumers (“IIEC”) witness to purportedly simplify the tariff because he thought it  
108 might make it more understandable to customers. The grounds were not based on any  
109 Commission finding or ruling regarding what is the proper scope of the rate formula  
110 structure. Third, the Order in ICC Docket No. 11-0721 also adopted the IIEC proposal  
111 for a Commission rulemaking regarding what makes up the formula rate structure. That  
112 ruling and the associated discussion is not consistent with the notion that the Commission  
113 already had decided the issue. To the contrary, the Commission to date has not acted on  
114 its still pending conclusion that it would open an investigation or rulemaking into the  
115 proper definition of the formula rate structure. Fourth, subsequent Commission orders  
116 have not stated that the claim that only Sch FR A-1 and FR A-1 REC make up the  
117 formula rate structure was decided in ICC Docket No. 11-0721. Finally, subsequent  
118 litigation and orders are contrary to that conclusion, as discussed in my Direct testimony  
119 and further below. All that can be said is that the Commission in ICC Docket No. 11-  
120 0721 had before it the full rate formula as defined by ComEd, and the Commission  
121 approved the full rate formula with the modifications made in the case.

122 **Q. Staff witness Ms. Ebrey also states in part: “Additional schedules, appendices and**  
123 **workpapers are listed by number and name on Sheet Nos. 426 and 427, but no**  
124 **specific information regarding what is to be included on those ancillary documents**  
125 **is presented in the Rate DSPP tariff, outside of titles for those documents.” (Staff**  
126 **Ex. 1.0, 4:79-83) Does that statement support Ms. Ebrey’s position?**



127 A. No. As I discuss above, the tariff includes Sch FR A-1 and Sch FR A-1 REC in detail  
128 and lists the supporting Schedules and Appendices, as well as Workpapers, as a result of  
129 the Docket No. 11-0721 Order and the desire to make the tariff more understandable to  
130 customers. Ms. Ebrey ignores that while Rate DSPP lists and incorporates, but does not  
131 set forth all of the contents of the other Schedules and Appendices, the Commission in  
132 ICC Docket No. 11-0721 established the entire rate formula, as modified, including the  
133 other Schedules and Appendices (subject to the amendments since then, which have been  
134 made in Section 9-201 dockets). The tariff may not have full detail on what is in the  
135 other Schedules and Appendices, but what matters is the Commission's establishing the  
136 rate formula, which it did in ICC Docket No. 11-0721.

137 Q. **Staff witness Ms. Ebrey also points to a decision in the first ComEd FRU, ICC**  
138 **Docket No. 12-0321, as support for her position. (Staff Ex. 1.0 5:92 – 6:128). Does**  
139 **that Order support her position?**

140 A. No, the Order in ICC Docket No. 12-0321, including the very portion she quotes, does  
141 not support Ms. Ebrey's position. This is the second Order (the first being the one in ICC  
142 Docket No. 11-0721, discussed above) where Ms. Ebrey identifies a ruling that actually  
143 focused on an unrelated issue, and claimed that the ruling supported her position. More  
144 specifically, Ms. Ebrey selectively makes reference to a portion of the ICC Docket No.  
145 12-0321 Order discussing the contested issue of whether the Commission should use  
146 traditional schedules as an attachment to the Commission's final orders in formula rate  
147 update proceedings or whether it should use the formula rate structure or template (the  
148 spreadsheet that has all the Schedules and Appendices (as well as the Workpapers)). The

first sentence of the introductory portion of the Order under that section, which appears to be intended to set forth Staff's position, reads:

*"Recognizing that there will be a rulemaking to address a systematic approach governing the formula rate process, it is Staff's position that the Commission should attach the traditional revenue requirement schedules as modified by Staff to the Commission's order in this formula rate proceeding."* (ICC Docket No. 12-0321 (Order Dec. 19, 2012) at 103) (*emphasis added*)

Ms. Ebrey's Direct testimony quotes the final paragraph of the Commission Analysis and Conclusion section on the issue of what to attach to the final Order in FRUs, traditional schedules or the rate formula template. (Staff Ex. 1.0, 5:95-118, quoting from page 105 of the Order) The Order, in that paragraph, states in part:

*"The Commission understands that ComEd will include the formula rate schedules FR A-1 and FR A-1 REC (and others) as part of the workpapers for its compliance filing. It appears to the Commission that it is more appropriate for ComEd to fill out the formula rate template with actual values derived from the Order at that time, rather than ask Staff, who did not develop the very complex template, to do so as part of this Order. Having the fully populated formula rate included as part of the compliance filing rather than attached to this Order will decrease the likelihood of unintended errors. The Commission notes that there will be a rulemaking in which ComEd and other interested parties are encouraged to address this and other relevant issues regarding future formula rate filings."* (ICC Docket No. 12-0321 Order at 105) [*emphasis added*]

Thus, it appears clear to me that the ICC Docket No. 12-0321 Order ruled simply on what to attach to the final Order in FRUs. The Order did not state any ruling on the definition of the formula rate structure. Moreover, the Order's language, such as its use of the term "fully populated formula rate", indicates that it is the entire template that makes up the rate formula, not just Sch FR A-1 and Sch FR A-1 REC, which is precisely ComEd's position here. It appears to me that the Commission recognized the importance of the fully populated formula rate included in ComEd's compliance filing. Finally, the Commission stated that there would be a rulemaking to determine this issue (whether to

continue use of the traditional schedules with the Commission’s final Orders) as well as “other relevant issues”. To date, however, the Commission has not initiated that rulemaking.

**Q. Is there a Commission ruling in a ComEd formula rate update proceeding that addresses the definition of the formula rate structure more directly?**

A. Yes. As I discussed in my Direct testimony, the Commission Order in the 2013 FRU, ICC Docket No. 13-0318, explicitly states that three specific issues are beyond the scope of a formula rate update proceeding. As I discussed, those three issues proposed changes to formula schedules other than Sch FR A-1 and Sch FR A-1 REC. (ComEd Ex. 1.0, 10:193-11:216) I also discussed the cash working capital (“CWC”) issue ruling in that case. (*Id.* at 11:217 – 12:235)

**Q. Ms. Ebrey cites a recent Ameren Order as addressing the definition of a “formula rate structure”. (Staff Ex. 1.0, 6:140-7:157) Does this ruling automatically apply to ComEd?**

A. No. My understanding of the Ameren Order in ICC Docket Nos. 13-0501/0517 is that the result in that docket does not automatically apply to ComEd. The Order states in part:

“When Ms. Ebrey raised the issues at hand, these consolidated dockets had been underway for some time and no indication was given that the outcome would be applicable to both AIC and ComEd. *Had such an outcome been contemplated at the outset, ComEd may have chosen to participate.* Despite Staff's intentions reflected in Ameren Cross Ex. 1SH, *the outcome of this proceeding will not be automatically applied to ComEd.* Staff or another party may propose that the results of this case be applied to ComEd in an appropriate venue and the Commission will consider the record in that case before deciding whether to do so. This finding concerning the applicability of the conclusions below to ComEd does not in any way prevent the Commission from considering Staff's proposals

as they relate to AIC.” (ICC Docket No. 13-0501/0517 (Order August 19, 2014) at 6) (*emphasis added*)

The Interim Order (dated August 19, 2014) in the instant Docket states in part that Staff recommended that the interim order here clearly indicate, among other things, that “the Commission’s decision in this docket has no bearing on the decision that the Commission must and will separately make in the [then] ongoing Ameren Docket.” Interim Order at 3. The Interim Order’s Finding 6 adopted that recommendation.

The Interim Order in Findings 6 and 7 opened phase 2 of this Docket for both evidence and argument on whether the Schedules and Appendices other than Sch FR A-1 and Sch FR A-1 REC can be changed only outside of an FRU, in a Section 9-201 proceeding.

**Q. Ms. Ebrey also refers to the Order in ICC Docket No. 13-0339. (Staff Ex. 1.0, 7:167 – 8:182) Does that Order support her position?**

**A.** No, the language she quotes refers to the entire formula rate spreadsheet as the “revised rate formula”. ICC Docket No. 13-0339 (Order June 26, 2013), at 3.

**Q. Ms. Ebrey also refers to the Interim Order in the instant Docket. (Staff Ex. 1.0, 8:183-188). Does the Interim Order support her position?**

**A.** No, not in my view. I discussed certain provisions of the Interim Order above. Ms. Ebrey points to the Interim Order language indicating that the Cash Working Capital (“CWC”) change was already effectively approved in the Order in ICC Docket No. 13-0318. I discussed the Order in that Docket in my Direct testimony, both with respect to other rate formula issues and with respect to the CWC issue. I do not understand the

Interim Order by virtue of its statement regarding the CWC issue to have resolved the issue that the same Interim Order set in this Phase 2 of the proceeding.

**Q. Ms. Ebrey recommends that only changes to Sch FR A-1 and Sch FR A-1 REC should require Commission approval through a Section 9-201 filing. (Staff Ex. 1.0, 7:162-166). Do you agree?**

**A.** No. As I stated in my Direct testimony, my understanding of EIMA and its objectives is that the rate formula should provide certainty, specificity, and transparency. (ComEd Ex. 1.0, 6:110 - 7:135) The rate formula structure was set in ICC Docket No. 11-0721 with modifications related to Public Act 98-0015 in ICC Docket No. 13-0386 that I referenced in my Direct testimony, as noted above. Indeed the General Assembly reiterated this point in its resolutions stating:

“participating utilities that elect to undertake the infrastructure investment plan may recover their costs through *a performance-based formula rate tariff mechanism, which was designed to increase predictability, stability, and transparency in the ratemaking process*” (Senate Resolution 821 and House Resolution 1157)

Setting only the two summary Schedules, Sch FR A-1 and Sch FR A-1 REC, as the formula rate structure and requiring Commission approval for changes only to those two schedules does not provide predictability (certainty), stability, or transparency. With that definition, changes can be made to the supporting Schedules and Appendices at any time, defeating the purpose of a transparent, standardized, and predictable formula rate. Further the extent of those changes can be lost from proceeding to proceeding, losing transparency behind when changes were made, and why they were made, without combing through the detailed case history for every single year. The formula rate

structure was litigated in ComEd's initial formula rate case, ICC Docket No. 11-0721, as called for by EIMA. It was further updated to comply with Public Act 98-0015 and was approved by the Commission then as well. Finally, neither Staff, intervenors, nor the Commission have lost the ability to review the prudence or reasonableness of ComEd's cost inputs and potential disallowances while the formula rate template is defined as all of the Schedules and Appendices listed and incorporated by reference in Rate DSPP. As I stated in my Direct testimony, the formula rate template should be defined as Sch FR A-1 and Sch FR A-1 REC as well as the Schedules and Appendices defined and incorporated in Rate DSPP. Any changes to any one of these Schedules and Appendices should require Commission approval in a Section 9-201 proceeding.

**Q. Above you indicate that by defining the formula rate template as Sch FR A-1 and Sch FR A-1 REC (i.e., considering only those summary Schedules to be the entirety of the formula rate structure for purposes of the limit on changes being made in an FRU) and requiring Commission approval in a separate Section 9-201 docket on only changes to those two schedules, that changes potentially can be made to the supporting Schedules and Appendices at any time. What do you mean by this?**

**A.** I think two examples can draw out my point here. In ComEd's 2013 formula rate update proceeding, ICC Docket No. 13-0318, Staff witness Daniel Kahle proposed a second cash working capital calculation for the Initial Rate Year based on the Initial Rate Year inputs. (ICC Docket No. 13-0318, Staff Ex. 2.0, 7:121 – 9:161) Yet, in ICC Docket No. 12-0321, Staff witness Burma Jones had supported the use of a single CWC calculation and confirmed that a single calculation was called for by the formula rate template. (ICC

Docket No. 12-0321, Jones Reb., Staff Ex. 6.0, 7:134-40) How that issue played out in ICC Docket No. 13-0318 and then in the instant Docket has been discussed in my Direct testimony and above.

Now in the pending 2014 formula rate update proceeding, Staff witness Ms. Ebrey proposes a change in the depreciation calculation for the Initial Rate Year, even though the current methodology in the rate formula was agreed upon by Staff witness Bridal in the initial formula rate case, ICC Docket No. 11-0721, as I discussed in my Direct testimony here. (ComEd Ex. 1.0, 14:275 – 15:303) We continue to litigate the same issues over and over again, adding more complexity to, and subtracting efficiency, standardization, transparency and predictability from, what some describe as an already complex template. The structure of the rate formula has been litigated. I believe EIMA wisely contemplated that the Commission should not be barred from making changes to the rate formula, but by moving these changes into a separate Section 9-201 proceeding, perhaps the intent was to focus on material changes to the formula and not to relitigate the same issues on a case-by-case basis.

**III. DEPRECIATION FOR THE INITIAL RATE YEAR**

**Q. Ms. Ebrey continues to propose a change to the depreciation calculation for the Initial Rate Year, by applying the 2014 depreciation study rates to plant existing in the 2013 (reconciliation year) rate base as well as to the gross 2014 plant additions rather than the weighted average of 2013 plant and 2014 projected plant additions. Have her arguments changed your position on this issue?**

**A.** No. As I explained in my Direct testimony, I believe this change is unnecessary, as the current methodology has already been approved by the Commission, is a reasonable basis

for calculating the depreciation expense for the Initial Rate Year, and any difference will be “trued up” in the reconciliation of the Initial Rate Year. (ComEd Ex. 1.0, 13:268 - 19:361) While Ms. Ebrey’s proposal may have theoretical merit, it is still an imprecise estimate, and is an unnecessary adjustment.

**Q. Ms. Ebrey cites a Commission Order in an Ameren proceeding where it appears that Ameren has agreed to a similar change, stating that the “Commission should approve the same treatment for ComEd as it did for Ameren” (Staff Ex. 1.0 11:249 – 12:294). Do you believe the Ameren and ComEd formulas must be consistent on this calculation?**

**A.** No. While, generally I am a proponent of consistency and do see value in its application, I am not aware that ComEd’s and Ameren’s formulas are in fact consistent. Further, my understanding is that Ameren’s adjustment may have been agreed upon within the consolidated Ameren docket and did not require a new Section 9-201 proceeding to make the adjustment. Finally, it is also my understanding that Ameren only reflected the changes in depreciation expense (and resulting changes to Accumulated Depreciation and Accumulated Deferred Income Taxes (“ADIT”), not the changes to Distribution expense in its formula rate changes. These changes to Distribution expense arise from depreciation expense changes related to transportation equipment, which drives changes to Sch FR A-1, thus requiring a tariff change.

**Q. Was the adjustment to projected depreciation made in Ameren Docket Nos. 13-0501/13-0517 related to a change in depreciation rates similar to the adjustment Ms. Ebrey proposes here?**



318 A. Yes. However, while this adjustment in the Ameren docket appears similar to the  
319 adjustment proposed for ComEd, there is at least one key difference. While ComEd's  
320 and Ameren's adjustments are similar in that they both impact projected depreciation,  
321 ComEd's adjustment also requires the additional adjustment to Distribution expense  
322 discussed above, that was not adjusted for in Ameren Docket Nos. 13-0501/13-0517.

323 Q. **Is this additional adjustment to Distribution expense necessary?**

324 A. Yes. As a result of the change in depreciation rates, the impact related to transportation  
325 assets would be charged on ComEd's books initially to a clearing account and a portion  
326 of this amount would be allocated to Distribution expense. In order to correctly apply  
327 Ms. Ebrey's proposed adjustment, as it would actually appear on ComEd's books, the  
328 revenue requirement on Sch FR A-1 would require an adjustment to Distribution  
329 expense, which would make the amount different than is reflected on Sch FR A-1 REC.

330 Q. **Would this adjustment require a change to Schedule FR A-1 in the formula?**

331 A. Yes. Currently, ComEd's formula rate line "Total DS Operating Expenses" on Schedules  
332 FR A-1 and FR A-1 REC are exactly the same with one exception, "Projected  
333 Depreciation and Amort Expense" on Sch FR A-1, line 6. In order to adjust Sch FR A-1  
334 to include a second adjustment for Distribution expense, it would be necessary to insert a  
335 line on Schedule FR A-1.

336 Q. **Can this adjustment for Distribution expense be made outside of Schedule FR A-1  
337 and FR A-1 REC?**

338 A. No. No matter how you adjust other Schedules and Appendices in the formula, including  
339 Schedule FR C-1 and Appendix 7, to adjust for a change in Distribution expense so that

the amount recorded is different on Sch FR A-1 and Sch FR A-1 REC, a change to Sch FR A-1 would be necessary.

**Q. Ms. Ebrey in her testimony states “Ms. Brinkman’s claim that changes must be made to Schedule FR A-1 and FR C-2 as well as Rate DSPP to accommodate my adjustment are unfounded” (Staff Ex. 1.0, lines 305-307). Do you agree?**

**A.** No. For the reasons discussed above, Ms. Ebrey’s adjustment does change the amount of Distribution expense in the formula. Not only is this not disputed, but neither is the fact that the Distribution expense on Sch FR A-1 and Sch FR A-1 REC will now differ. The only method to reflect a different Distribution expense amount on Sch FR A-1 and Sch FR A-1 REC, would be by inserting a line on Sch FR A-1. Because a change to Sch FR A-1 would be necessary, this change would also require a change to Rate DSPP.

**Q. Ms. Ebrey takes issue with your testimony about future reconciliations stating that, “should the adjustment [Ms. Ebrey] proposes have a different impact on the reconciliation balance in future cases, the Company might then be in favor of making a change at that time.” (Staff Ex. 1.0 16:382-386) How do you respond?**

**A.** I have tried to clarify this misconception in ICC Docket No. 14-0312 and in my direct testimony in this case. To be clear, ComEd would not be in favor of making this change if a different impact on the reconciliation in future cases were to occur. ComEd believes the question of this calculation has been fully vetted, is set in the approved formula, and does not need to be changed now.

**Q. Ms. Ebrey states that your criticism of her proposed adjustment as inconsistent with a prior Staff position in Docket No. 11-0721 is unfounded because that docket did**

**not address the issue of how to reflect updated rates from a depreciation study in a filing year revenue requirement (Staff Ex. 1.0 14:331-336). How do you respond?**

A. I disagree with Ms. Ebrey's claim. ICC Docket No. 11-0721 did address the issue of how to reflect updated rates from a depreciation study in a filing year revenue requirement – that is where projected depreciation is included. The reconciliation year includes actual depreciation. The crux of the argument in ICC Docket No. 11-0721 was regarding the projected depreciation, and as discussed in my Direct testimony the argument was fully vetted and agreed to by Staff not only in testimony but in its Initial Brief, citing the exhibit containing the calculation that both Staff and ComEd agreed to.

**Q. Ms. Ebrey infers that a thorough review was not completed regarding the use of weighted additions in the calculation of projected depreciation expense in ICC Docket No. 11-0721 because that docket did not include either a depreciation study that established new depreciation rates, or a reconciliation of a revenue requirement used to establish rates with the “actual” revenue requirement. Is this your understanding of the record in that Docket?**

A. No. With the amount of testimony and briefing on this issue in that Docket, I do believe it was thoroughly vetted. The rate change doesn't drive this calculation, it is simply an input. Also, the rate change was anticipated as noted in the footnote on App 8. (See ComEd Ex. 13.01, App 8 in the current FRU proceeding, ICC Docket No. 14-0312 for this footnote) Further, ComEd has used weighted additions in the calculation of projected depreciation in the last two formula rate update proceedings with no challenge from any party. The updated depreciation study does not change that calculation.

384 Q. **Should the Commission adopt a change to the calculation of projected depreciation**  
385 **expense as proposed by Ms. Ebrey?**

386 A. No. For reasons discussed throughout this testimony and in my Direct testimony, this  
387 adjustment was already analyzed and agreed upon, is an estimate just as the current  
388 reasonable methodology is, will be reconciled using actual FERC Form 1 data in the  
389 future, and is therefore unnecessary.

390 IV. **CONCLUSION**

391 Q. **Does this complete your rebuttal testimony?**

392 A. Yes.